

# Curmi and Partners : Local Market commentary

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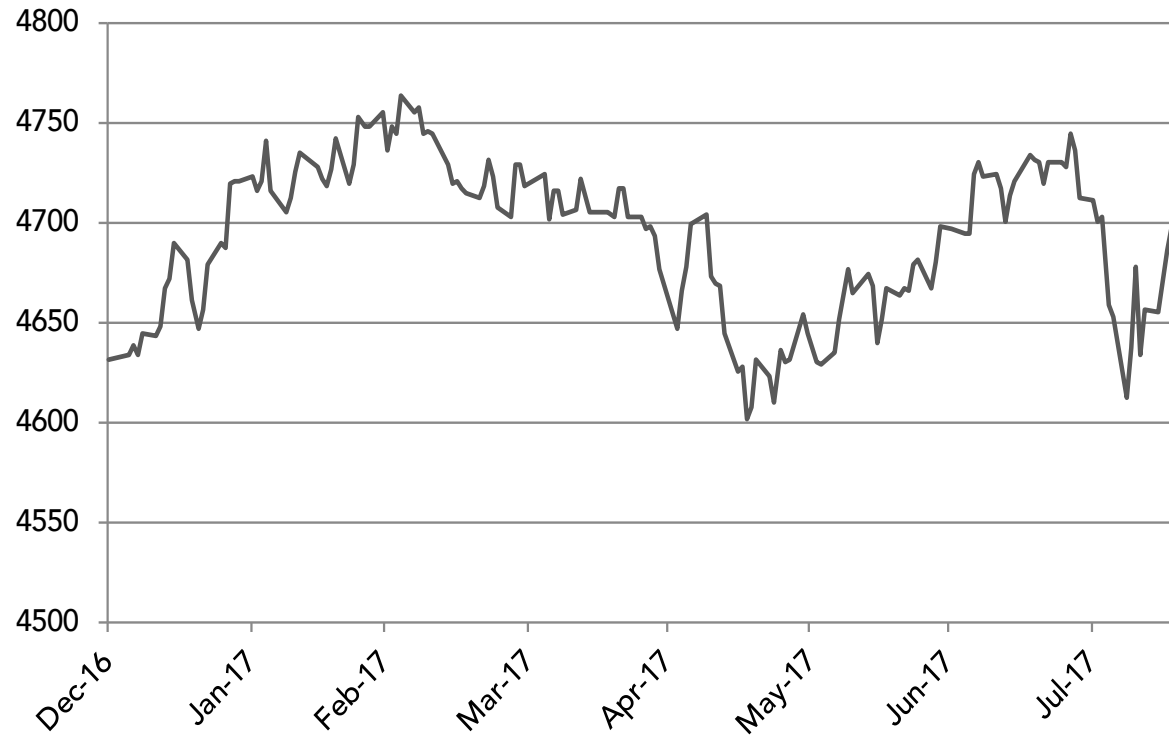
Local Market Update  
Week ending 18<sup>th</sup> August 2017

## MSE Performance Vs International Markets

| Index                  | 30/12/2016 | 11/08/2017 | 18/08/2017 | YTD  | Week % |
|------------------------|------------|------------|------------|------|--------|
| EURO STOXX 50          | 3290.52    | 3406.34    | 3434.96    | 4.4% | 0.8%   |
| Deutsche Boerse AG     | 11481.06   | 12014.06   | 12134.83   | 5.7% | 1.0%   |
| CAC 40                 | 4862.31    | 5060.92    | 5096.58    | 4.8% | 0.7%   |
| S&P 500                | 2238.83    | 2441.32    | 2438.21    | 8.9% | -0.1%  |
| FTSE 100 Index         | 7142.83    | 7309.96    | 7314.95    | 2.4% | 0.1%   |
| MSE Price Index        | 4630.88    | 4656.95    | 4688.60    | 1.2% | 0.7%   |
| MSE Total Return Index | 8798.58    | 8948.56    | 9028.80    | 2.6% | 0.9%   |

Source: Bloomberg; Malta Stock Exchange

## MSE Price Index Performance YTD



Source: Malta Stock Exchange

•The MSE Price Index recovered from last week's decline, increasing 0.68% this week to 4688.6 over relatively low trading volumes totalling 462,097 shares. Malta Properties Company plc, Bank of Valletta plc and Mapfre Middlesea plc were the main contributors to the improved performance this week

## Local Market – Main Movers

- Malta Properties Company plc was up 6% this week to €0.53 over 13,726 shares. MPC reported interim results last week.
- Mapfre Middlesea plc closed at €0.94, 4.53% higher than the 52-week low traded last week.
- International Hotel Investments plc climbed 3% to €0.62 from last week's close at €0.60
- Bank of Valletta plc enjoyed four consecutive sessions of increases this week, rallying to €2.15 over 102,275 shares.
- HSBC Bank Malta plc was the most liquid share this week with 122,580 shares traded. HSBC's share price fell by 2.30% this week.
- Tigne Mall plc was this week's worst performer, dropping 3.23% to €0.90 over 21,900 shares.
- Similarly, Plaza Centres plc closed 2% lower this week at €0.90 over 21,900 shares.

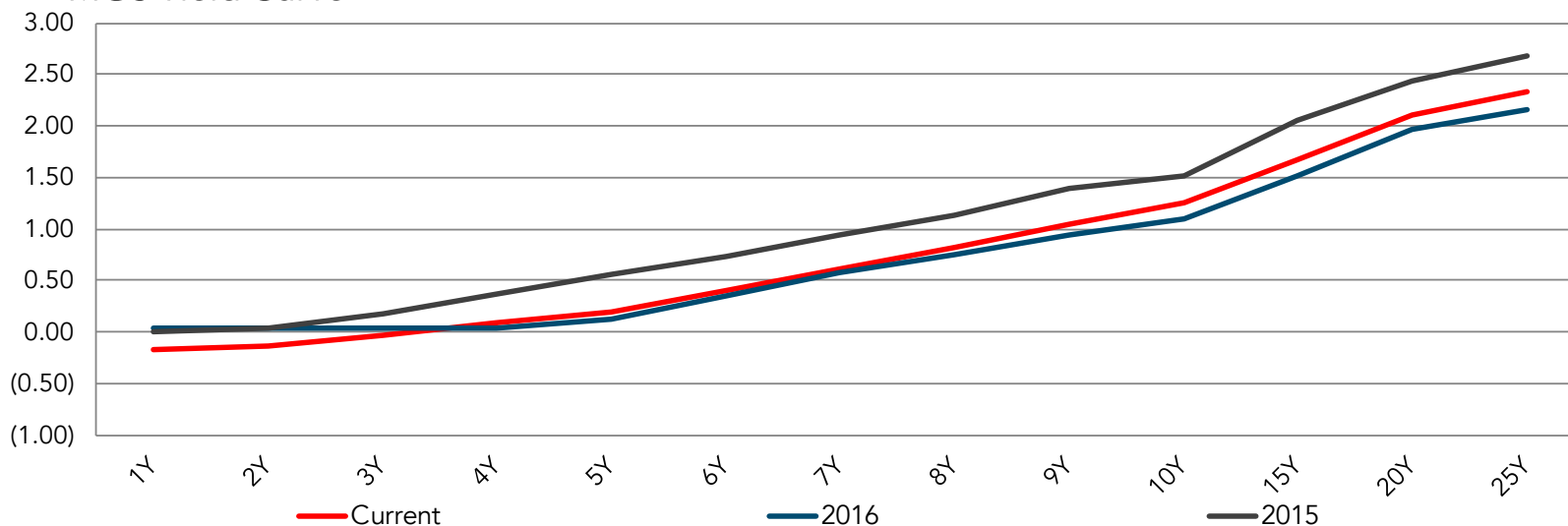
## Malta Government Stocks

### Malta vs. German Sovereign Yields Summary

| Years to Maturity | MGS Yield (%) | German Yield (%) | Spread (bps) 31-Dec-16 | Spread (bps) 18-Aug-17 |
|-------------------|---------------|------------------|------------------------|------------------------|
| 2                 | (0.13)        | (0.72)           | 83                     | 59                     |
| 5                 | 0.20          | (0.28)           | 67                     | 48                     |
| 7                 | 0.60          | (0.05)           | 86                     | 65                     |
| 10                | 1.26          | 0.40             | 90                     | 86                     |
| 15                | 1.68          | 0.58             | 107                    | 110                    |
| 20                | 2.10          | 0.86             | 127                    | 124                    |
| 25                | 2.34          | 1.05             | 128                    | 129                    |

- 2.10% MGS 2039 was the most actively traded bond this week closing at €99.53.
- The 7% MGS 2017 redeemed on Friday and the 3.75% 2017 will be redeemed next week.
- 62+ Government Savings Bond to be issued on the 4<sup>th</sup> of September.
  - Coupon: 3% (Payable semi-annually)
  - Maturity: 5 year
  - Max subscription: €10,000
  - Min subscription: € 500
  - Eligible investors: individuals born in 1955 or earlier

### MGS Yield Curve



## Local Market Overview – Equities

| Security                            | Trade Volume | Trade Value | 11.08.2017 | 18.08.2017 | Week % Change |
|-------------------------------------|--------------|-------------|------------|------------|---------------|
| Bank of Valletta plc                | 102,275      | 216,455     | 2.06       | 2.15       | 4.17%         |
| GO plc                              | 22,600       | 81,286      | 3.60       | 3.60       | -0.03%        |
| HSBC Bank Malta plc                 | 122,580      | 237,533     | 1.96       | 1.91       | -2.30%        |
| International Hotel Investments plc | 2,000        | 1,236       | 0.62       | 0.62       | 0.00%         |
| Medserv plc                         | 15,500       | 20,683      | 1.34       | 1.34       | -0.60%        |
| Malta International Airport plc     | 9,232        | 38,774      | 4.20       | 4.20       | 0.00%         |
| Mapfre Middlesea plc                | 2,330        | 4,518       | 1.86       | 1.94       | 4.53%         |
| Malta Properties Company plc        | 13,726       | 7,121       | 0.50       | 0.53       | 6.00%         |
| Malita Investments plc              | 36,350       | 50,684      | 1.40       | 1.40       | 0.00%         |
| Plaza Centres plc                   | 29,000       | 31,318      | 1.10       | 1.08       | -2.00%        |
| RS2 Software plc                    | 84,404       | 150,981     | 1.79       | 1.79       | 0.06%         |
| Simonds Farsons Cisk plc            | 200          | 1,560       | 7.76       | 7.80       | 0.52%         |
| Tigne Mall plc                      | 21,900       | 19,917      | 0.93       | 0.90       | -3.23%        |

Source: Malta Stock Exchange

## Local Market Overview – Corporate Bonds

| Security | Trade Volume | Trade Value | 11.08.2017 | 18.08.2017 | Week % Change |
|----------|--------------|-------------|------------|------------|---------------|
| AX24A    | 5,200        | 5,813       | 113.50     | 112.00     | -1.32%        |
| BV18A    | 14,000       | 14,326      | 102.00     | 102.60     | 0.59%         |
| BV19A    | 14,000       | 14,412      | 102.75     | 103.00     | 0.24%         |
| BV20A    | 40,200       | 41,184      | 102.90     | 102.00     | -0.87%        |
| CB21A    | 5,000        | 5,245       | 104.90     | 104.90     | 0.00%         |
| CB25A    | 6,200        | 6,402       | 103.95     | 103.25     | -0.67%        |
| CB27A    | 20,000       | 20,350      | 100.11     | 101.99     | 1.88%         |
| CF26A    | 8,000        | 8,280       | 103.50     | 103.50     | 0.00%         |
| DF26A    | 10,000       | 10,597      | 105.95     | 106.00     | 0.05%         |
| GC21A    | 10,000       | 9,900       | 99.00      | 99.00      | 0.00%         |
| GF21A    | 1,700        | 1,780       | 104.71     | 104.70     | -0.01%        |
| GP23A    | 14,500       | 14,932      | 103.00     | 102.95     | -0.05%        |
| HB18A    | 10,400       | 10,868      | 104.50     | 104.50     | 0.00%         |
| HP25A    | 15,000       | 15,795      | 105.00     | 105.30     | 0.29%         |

Source: Malta Stock Exchange

## Local Market Overview – Corporate Bonds

| Security | Trade Volume | Trade Value | 11.08.2017 | 18.08.2017 | Week % Change |
|----------|--------------|-------------|------------|------------|---------------|
| IB25A    | 11,500       | 12,235      | 106.40     | 106.00     | -0.38%        |
| IH25A    | 2,800        | 2,956       | 105.56     | 105.57     | 0.01%         |
| IH26A    | 31,600       | 32,552      | 103.00     | 102.50     | -0.49%        |
| IH26B    | 28,700       | 29,561      | 101.50     | 103.00     | 1.48%         |
| MI22A    | 50,000       | 51,788      | 104.010    | 103.250    | -0.73%        |
| MM26A    | 14,000.00    | 14,351      | 102.700    | 102.510    | -0.19%        |
| MS26A    | 9,300.00     | 9,560       | 101.820    | 102.800    | 0.96%         |
| PC26A    | 105,600.00   | 108,300     | 102.750    | 101.560    | -1.16%        |
| PG20A    | 20,000.00    | 21,000      | 104.000    | 105.000    | 0.96%         |
| PG22A    | 21,000.00    | 23,090      | 109.000    | 110.000    | 0.92%         |
| PT24A    | 71,300.00    | 72,594      | 102.000    | 102.000    | 0.00%         |
| SD27A    | 137,100.00   | 141,161     | 102.500    | 102.970    | 0.46%         |
| VH24A    | 12,000.00    | 11,999      | 99.980     | 99.990     | 0.01%         |

Source: Malta Stock Exchange



## Local Market Company Announcements

- **Eden Finance plc** reported results for the first 6-months of 2017 during which the company issued a 4% 2027 bond, which financed the early redemption of the 6.6% 2017-2020 bonds.
  - Interest income earned on advances to Eden Leisure Group increased by 38.6% to €678,404, whilst interest payable to bond holders increased by 39.1% to 642,037
  
- **Grand Harbour Marina plc** announced the basis of acceptance for the new bond issue (€15 million 2.5% 2027)
  - The aggregate value of applications received amounted to €15.8 million - €8.9 million of which were received from maturing bondholders, €2.8 million from existing shareholders and the selected authorised financial intermediaries were allocated the remaining €2 million.
  - Interest on the bonds will commence on the 22<sup>nd</sup> August 2017 and trading is expected to commence on the 23<sup>rd</sup> August 2017
  
- **Santumas Shareholdings plc** ("STS") published its financial statement for the year ended 30<sup>th</sup> April 2017.
  - Investment income increased to €1.5 million (FY2016: 0.4 million) primarily due to gains on redemption of ground rent on which STS earned net income upon redemption of €0.9 million. Nevertheless, total income, which comprises of investment income, increases in fair value of financial assets and increases in fair value of investment properties, decreased to €1.96 million (-21.2%).
  - Total administrative expenses increased by 15.5% in FY2017, mainly as a result of an increase in Director's remuneration as approved during last year's AGM.
  - Profit before tax decreased by 22.9% .
  - The Directors did not propose a dividend. During the 2017 AGM the Directors will request the approval of a bonus issue of one share for every two held.

## Simonds Farsons Cisk plc - New Bond Issue

### Bond Characteristics:

|                  |  |
|------------------|--|
| Issuer           | Simonds Farsons Cisk plc                   |
| Maturity         | 13 <sup>th</sup> September 2027            |
| Coupon           | 3.50%                                      |
| Price            | €100                                       |
| Coupon Frequency | Annually on the 13 <sup>th</sup> September |
| Yield            | 3.50%                                      |
| Rank             | Unsecured                                  |
| Amount Issued    | €20 million                                |

### Expected Timetable

|  |                                 |
|--|---------------------------------|
| Application forms mailed to Maturing Bondholders                 | 8 <sup>th</sup> August 2017     |
| Closing date for applications received from Maturing Bondholders | 5 <sup>th</sup> September 2017  |
| Intermediaries' Offer  | 7 <sup>th</sup> September 2017  |
| Commencement of interest   | 13 <sup>th</sup> September 2017 |
| Expected date of commencement of trading                         | 22 <sup>nd</sup> September 2017 |

### Use of Proceeds

The proceeds from the Bond Issue, which net of expenses are expected to amount to approximately €19.6 million, will be used by the Issuer for the following purposes:

- A maximum amount of €15 million will be used by the Issuer for the purpose of redeeming any outstanding balance of the Bonds 2017-2020 remaining in issue as at the 1st of August ("Cut-off Date")
- The remaining amount of approximately €4.6 million will be used by the Issuer for general corporate purposes including the funding of the capital investment programme

## Financial Events Calendar

| Date                    | Event   |
|-------------------------|---|
| 23 <sup>rd</sup> August | Medserv plc approval of Interim Accounts  |
| 24 <sup>th</sup> August | Lombard Bank plc and International Hotel Investments plc approval of Interim Accounts                                 |
| 29 <sup>th</sup> August | Midi plc, Hili Properties plc, PTL plc , Premier Capital plc and Island Hotels Group plc approval of Interim Accounts |

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